

Marshall Field & Company Annual Report 1972



HAWTHORN (shown above) ONE OF TWO NEW STORES OPENING IN FALL 1973



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Marshall Field & Company

FOUNDED IN 1852

A DELAWARE CORPORATION

CORPORATE OFFICES 25 EAST WASHINGTON STREET CHICAGO, ILLINOIS 60690

Annual Report

To

Stockholders

FOR THE YEAR ENDED JANUARY 31, 1973

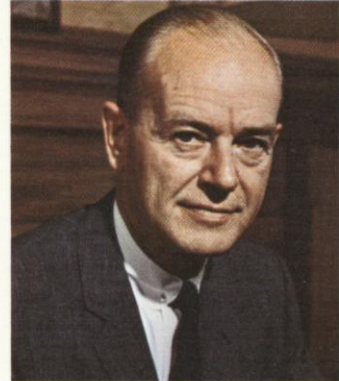
The Story In Brief

(in thousands of dollars)

	Fiscal Year	
	1972	1971
Net Sales.....	\$492,794	\$466,689
Income before Income Taxes...	41,563	37,052
Net Income.....	21,457	19,052
Per Common Share.....	2.34	2.08
Dividends Declared.....	10,495	10,142
Per Common Share.....	1.14 ⁽¹⁾	1.10
Net Income Retained.....	10,963	8,909
Accounts Receivable.....	77,835	78,423
Merchandise Inventories.....	82,099	77,751
Working Capital.....	112,030	101,151
Capital Expenditures—		
Modernization and		
Replacement.....	3,910	2,949
Expansion.....	3,841	10,124
Depreciation.....	6,588	6,183
Common Stockholders' Equity.	203,195	192,202
Per Common Share.....	22.27	21.07

(1) Annual dividend rate was \$1.18 at the end of the fiscal year 1972, as the result of an increase in the quarterly rate from 27½ cents to 29½ cents in October 1972.

President's Letter



March 23, 1973

To the Stockholders,

Marshall Field & Company sales and earnings attained record levels for the fiscal year ended January 31, 1973.

Net sales were \$492,794,000 for the year compared with \$466,689,000 for fiscal 1971.

Net income was \$21,457,000 in 1972 and \$19,052,000 a year earlier. Earnings per common share amounted to \$2.34 in 1972 and \$2.08 in 1971.

In October the quarterly dividend was increased from 27½ cents to 29½ cents per common share, raising the annual rate from \$1.10 to \$1.18.

The national economy improved considerably during the past year. However, the pace was uneven at times, with the national elections, wage and price controls, and international events causing some uncertainty. But as the year advanced, consumer confidence gained and retail sales were strong in the last six months.

All divisions of the Company experienced increased sales and earnings. Halle's sales were particularly strong in the last half of 1972 with improved profit margins during that period reflecting earlier changes in merchandising policy and economic improvement in the Cleveland area. The Chicago Stores Division had record sales and profits despite adverse weather at times during the peak holiday shopping season. Frederick & Nelson sales exceeded those of any earlier year and the improved trend in earnings continued. Both sales volume and profit for The Crescent also were greater than in 1971.

The Company's various expansion projects moved ahead during the year.

Construction of Hawthorn shopping center, where the Company's Mafco subsidiary is a co-venturer, is on schedule and the opening of the Marshall Field & Company store there is planned for fall 1973. Hawthorn Center is the first phase in the development of New Century Town, a completely-planned community on a 600-acre site near Vernon Hills thirty miles north of Chicago. Leasing of the center is proceeding and is expected to be substantially completed prior to its opening.

The Mall at CherryVale center near Rockford, Illinois is also scheduled for completion

this fall, and the Marshall Field & Company store to be leased there will be opened at that time.

The expansion of The Crescent's downtown store in Spokane will be completed this year. This 50,000-square-foot addition will increase the store size about 15 per cent permitting the expansion of important merchandise areas in time for visitors to Spokane during EXPO '74.

Water Tower Place is now being constructed on Chicago's North Michigan Avenue. It will feature a vertical shopping center and a commercial, hotel and apartment complex. This pioneering urban development, co-ventured by a Company subsidiary, will have a Marshall Field & Company store.

Two other real estate projects, one near Aurora and the other near Orland Park, were announced previously. Another similar development to serve the Chicago market is expected to be announced this year. These projects will provide the Company with three additional major branch stores and participation in related real estate activities.

During the last five years the Company, through internal growth and acquisition, has increased its department store space from 4,980,000 square feet to 7,480,000 square feet, or about 50 per cent. Projects now underway or in planning will add about 1,480,000 square feet of space to the Company's present facilities, another 20 per cent.

Three directors of the Company, Hughston M. McBain, John McKinlay and James L. Palmer, having reached retirement age under Board policy, will not stand for re-election when their present terms expire May 2, 1973.

Mr. McBain marked fifty years of association with Marshall Field & Company this past year. He served in many capacities and became chief executive officer in 1943, a position he held for fifteen years until his retirement in 1958. Mr. McBain has been a director for thirty-five years.

Mr. Palmer became chief executive officer in 1958 and served in that position until he retired in 1964. He has been a director for thirty years.

Mr. McKinlay joined the Company in 1931. He was executive vice president and treasurer at the time of his retirement in 1964 and has been a director since 1958.

The leadership and dedication of these three men contributed greatly to the growth and success of Marshall Field & Company. Each maintained the unique traditions and policies which have characterized this Company throughout its 121-year history. Everyone associated with Marshall Field & Company has reason to honor them for the opportunities they provided in its further development.

On December 21, 1972, by action of the Board of Directors, Mr. George G. Rinder, executive vice president-finance, was elected a director.

The present momentum of business activity indicates that the outlook for 1973 is favorable. With consumer confidence at a high level and other economic indicators showing a rising trend, the retail industry should experience another good year. Your Company expects a continuation of its growth in sales and earnings during 1973.

We appreciate the loyalty of our many customers, the assistance of our suppliers, and the dedicated efforts of employees. We are especially grateful for the cooperation of our stockholders. We recognize this combined support as essential for the continued success of Marshall Field & Company.

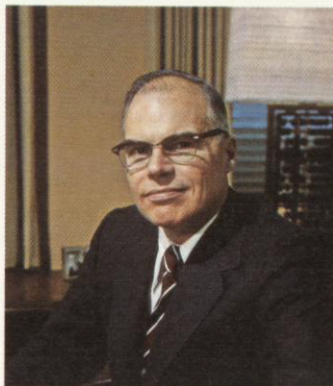
By Order of the Board of Directors,

S. A. Sivage

President



Joseph A. Burnham,
Executive Vice President—Operations



George G. Rinder,
Executive Vice President—Finance

Net Income of \$21,457,000, equal to \$2.34 per common share, was a new high for the Company and 12.6 per cent above 1971.

1972 In Review

Income before Taxes of \$41,563,000 was a record. It was 8.4 per cent of sales compared with 7.9 per cent in the prior year. Increased volume and continuing control of costs contributed to this improvement in pretax margin.

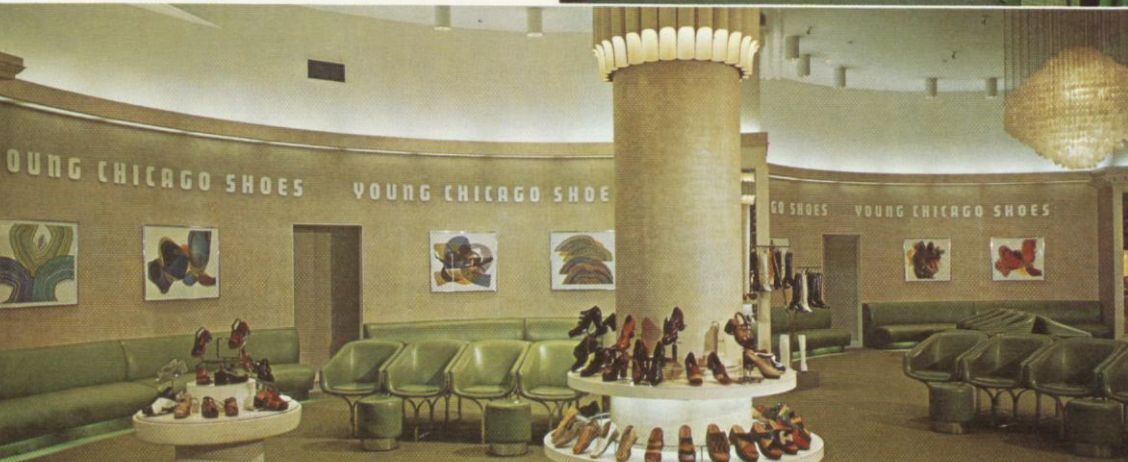
Sales were 5.6 per cent greater than 1971. This increase resulted in part from the first full year's volume in the new Chicago area Woodfield store, which is fully meeting expectations. In 1972 the larger suburban units in the Chicago Stores Division were open Sundays for the first time on a year-round basis.

Dividends were raised in October 1972 from an annual rate of \$1.10 to \$1.18. This action conformed to the guidelines of the U.S. Committee on Interest and Dividends. The dividend rate has been increased five times in the past ten years and is now almost 70 per cent higher than in 1962.

Financial Position continues to be excellent. Net income retained in the business during the year was \$10,963,000, permitting the investment of about \$12,400,000 in short-term securities at year-end 1972 to be used in financing



Newly-remodeled sections in the downtown Chicago store include (top) the Shoe Salon on Five; (right) Young Chicago Coats and Suits, Fifth Floor; and (below) Young Chicago Shoes on Five.



the Company's expansion program. Long-term debt was reduced about \$1,700,000. Minimum annual rentals under long-term leases are currently \$2,300,000.

Capital Expenditures were \$7,751,000, including \$3,841,000 for expansion, primarily for construction of our store in Hawthorn Center north of Chicago. 1973 outlays are estimated at \$20,000,000, including completion of the Hawthorn Center and CherryVale (Rockford) stores opening next fall and construction of the store near Aurora, Illinois scheduled to open in 1974.

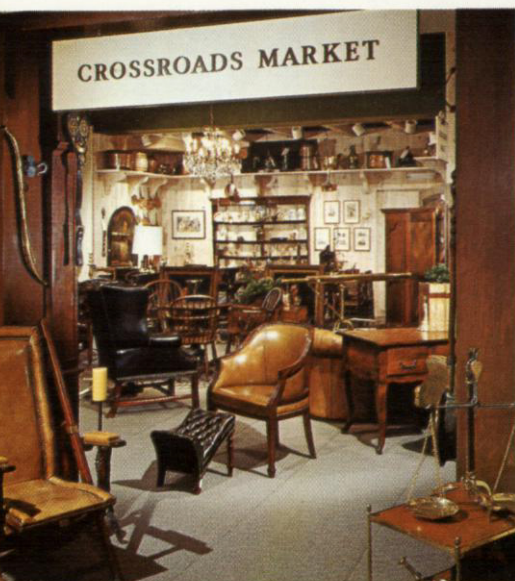
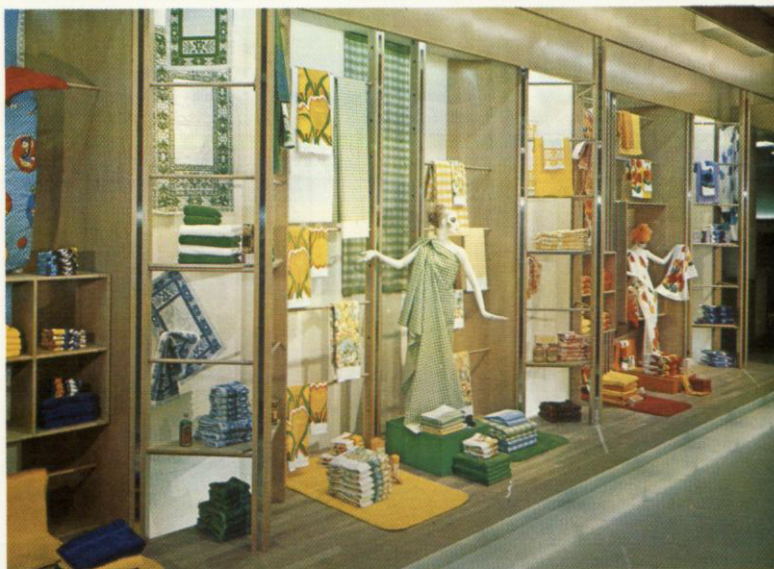
ADMINISTRATIVE CHANGES

In the Corporate organization Mr. Stephen V. Hill was elected treasurer.

In the Chicago Stores Division, Mr. Leland C. Carstens was appointed vice president and import manager, Mr. Harry A. Root was named vice president, suburban stores, and Mr. Homer Sharp was appointed vice president, design division.

Mr. Lawrence D. Moore was appointed vice president and divisional comptroller at Frederick & Nelson.

At year-end Mr. Paul H. Strohm, senior vice president and general manager of the Halle Division of The Halle Brothers Company, became chief executive succeeding Mr. Chisholm Halle who resigned.



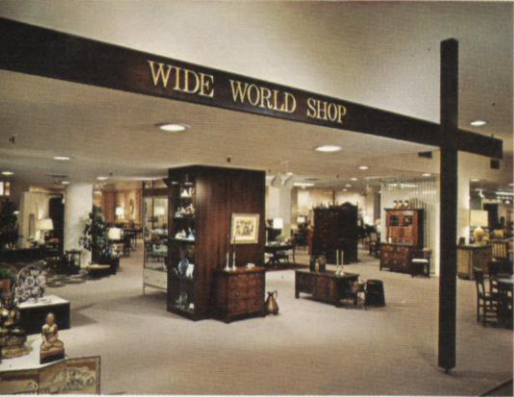
At Halle's, Mr. Robert B. Carlson was appointed vice president and general merchandise manager, and Mr. John A. Kroyer was elected vice president and comptroller; Mr. Robert S. Schug was appointed vice president, personnel.

Other newly-decorated and refixed Chicago downtown store sections are (top right) Linens on Two; (above left) the Crossroads Market on the Eighth Floor; (above right) the Fur Salon on Six; and (below right) Leisure Square Shoes on Five.





In the Cleveland-area Halle's stores, new sections include His Place (top) Men's Apparel, Second Floor, downtown store; (far left) Women's Dresses in the Severance Budget Floor; and (left) Here & Now, Women's Apparel, Fourth Floor, downtown store.

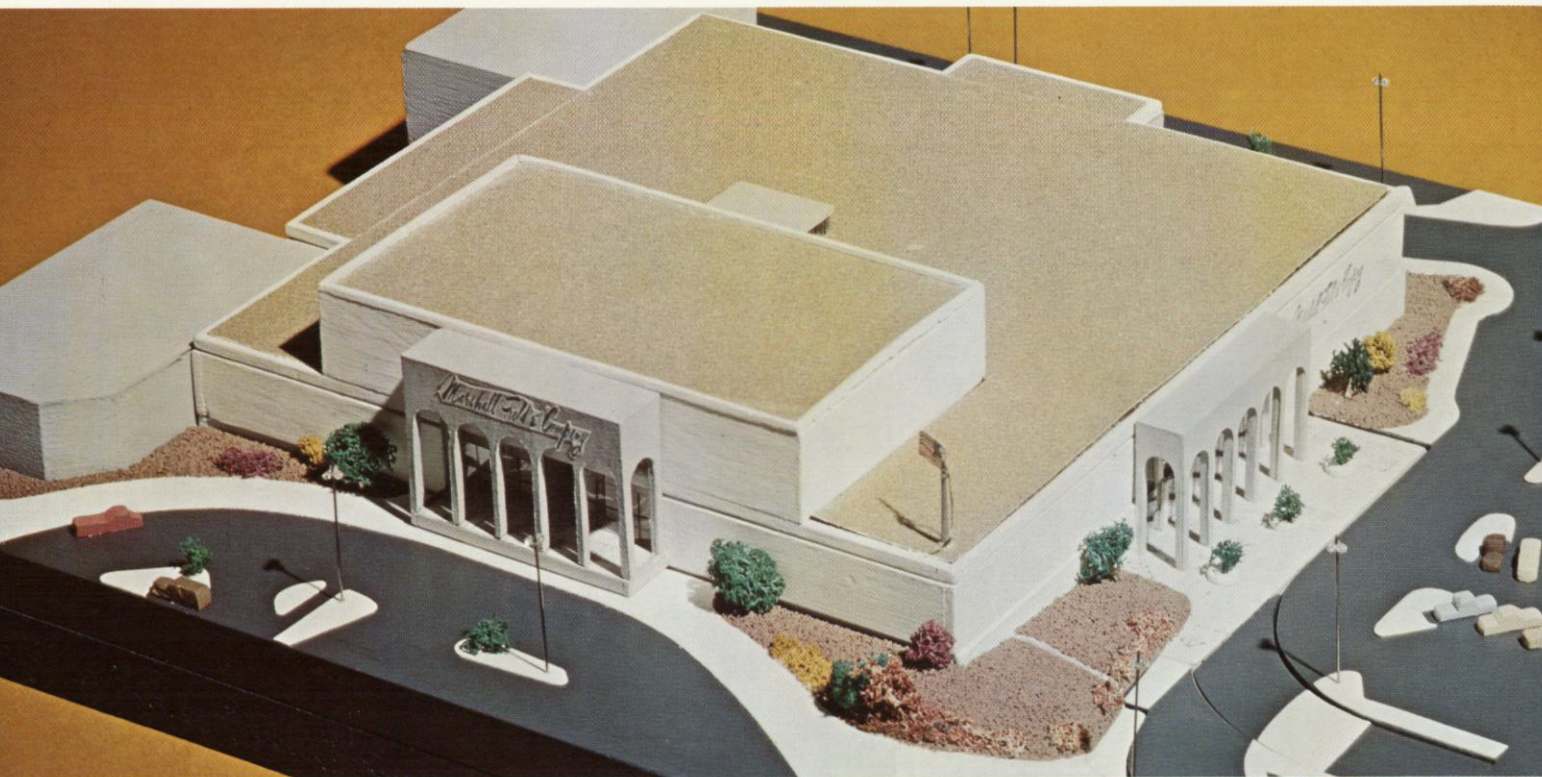


Seattle's Frederick & Nelson is represented here with (left to right, middle row) the Wide World Shop, Accessories, Seventh Floor, downtown store; Rive Gauche, Women's Fashions, Third Floor, downtown; and China and Silver, Third Floor, Aurora Village store.



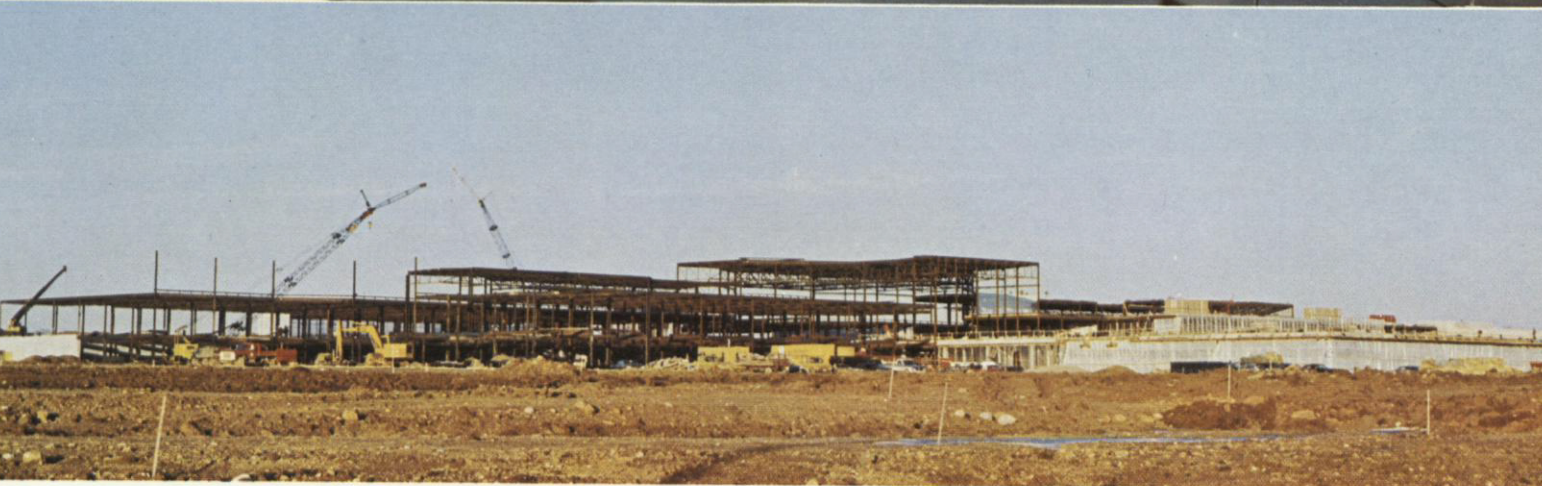
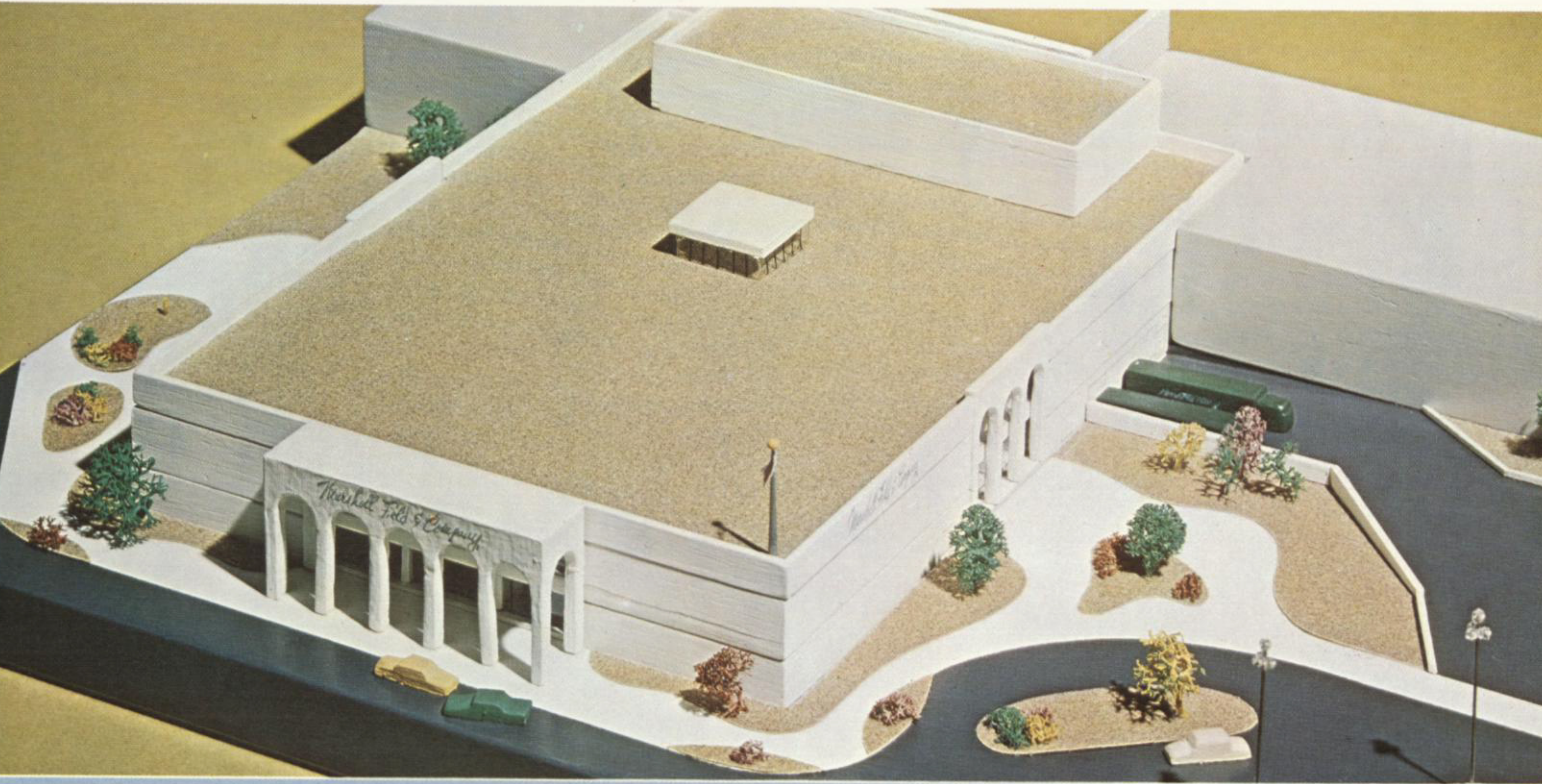
At The Crescent in Spokane, newly-remodeled sections include (far left) Better Dresses, Second Floor; (left) Women's Shoes, First Floor; and (bottom) Daytime Dresses, Second Floor, all at the Northtown store.

Hawthorn Center



Hawthorn Center, an enclosed mall shopping center featuring a Marshall Field & Company store, will open this fall. This will mark completion of the first stage of development of New Century Town, the quarter-billion-dollar planned community in Vernon Hills, Illinois 30 miles north of Chicago. The 250,000-square-foot Marshall Field & Company store will offer apparel and accessories for women, men's apparel and furnishings, children's wear, home furnishings and accessories, as well as a complete budget floor (see model and construction pictured above). Additional features include a restaurant and beauty salon. Hawthorn Center is a joint venture of Mafco, Inc., a subsidiary of Marshall Field & Company, and Urban Investment and Development Co., a subsidiary of Aetna Life and Casualty Company. When completed, the community will include residential, commercial, cultural and recreational facilities to be developed jointly by Mafco, Urban, and Sears, Roebuck and Co.

CherryVale



This fall the Company will open a new 115,000-square-foot store in The Mall at CherryVale, serving the Rockford, Illinois metropolitan area. Marshall Field & Company will occupy the central location in the two-story enclosed mall shopping center. Sears, Roebuck and Co. will also have a complete unit in the center. The Marshall Field & Company store will have women's apparel and accessories, apparel and furnishings for men, home furnishings and accessories and children's wear. There will also be a budget floor and a restaurant. The CherryVale store will be the eleventh branch unit of the Company's Chicago Stores Division. An architect's model of the store and photograph of construction are shown above.

Further Expansion

In further Company expansion, The Crescent began construction of an addition to its downtown Spokane store. Also announced were two new real estate projects to be built near Aurora and in Orland Park, Illinois in which the Company will also operate department stores.

The 50,000-square-foot addition to The Crescent is scheduled for completion this fall. The four-story and budget store addition will provide for the expansion and relocation of many existing departments (see photo left).

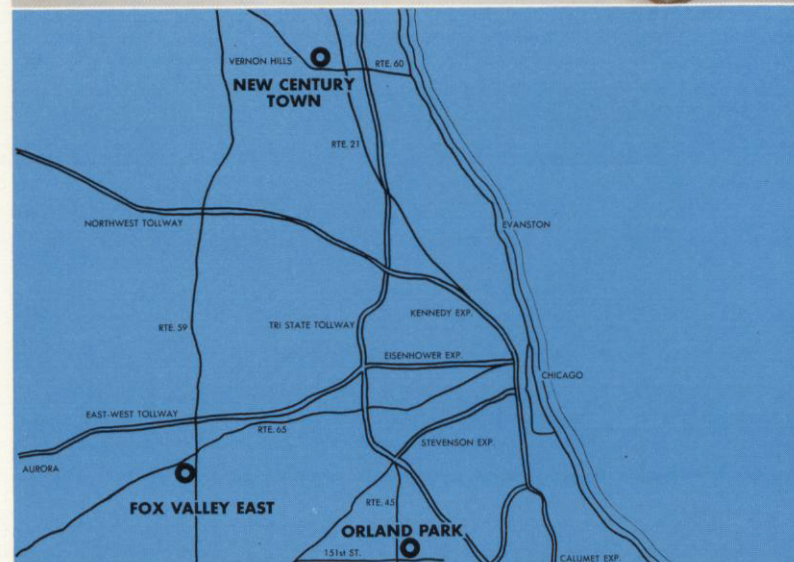
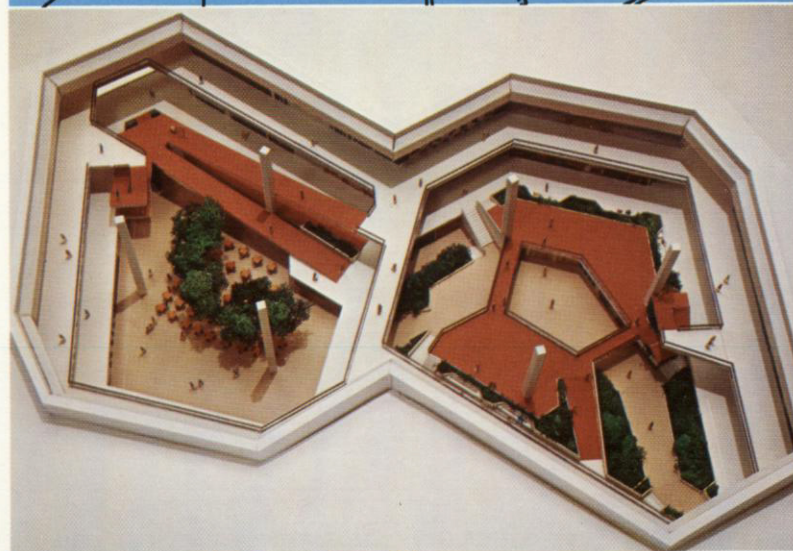
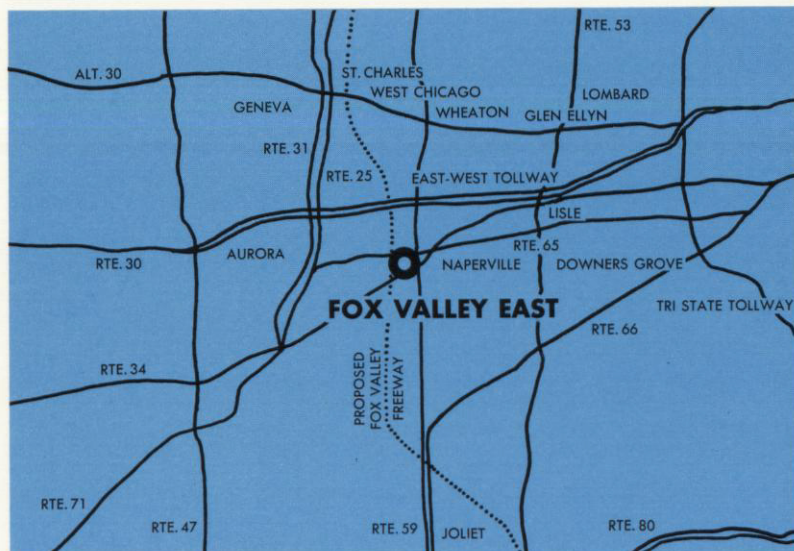
The Fox Valley East community will be built on land adjacent to Aurora, Illinois west of Chicago's Loop (see map, top right) and will include commercial, residential, business and industrial areas. It will be developed in two stages: first a shopping center and then housing, recreational, manufacturing and commercial facilities to follow over a period of years. Construction of the shopping center, which will include major stores of Marshall Field & Company and Sears, Roebuck and Co., will begin this spring with completion scheduled for 1974.

Architect's model (center) shows a cutaway view of the central court in Fox Valley Center.

Metropolitan Life Insurance Company of New York has announced its intention to purchase a site in the development and construct a regional service center office building.

The Orland Park plan provides for the development of a shopping center and 100 acres of adjacent land for residential, recreational and commercial facilities in southwest Cook County (see map, below right). The shopping center will feature Marshall Field & Company and Sears, Roebuck and Co. stores and is scheduled to open in 1975.

These two new developments are a joint venture of Mafco, Inc., a subsidiary of Marshall Field & Company; Homart Development Co., the real estate subsidiary of Sears, Roebuck and Co.; and Urban Investment and Development Co., a subsidiary of Aetna Life and Casualty Company.



Water Tower Place

Ground was broken in July for Water Tower Place, the unique \$130-million urban center being developed on Chicago's North Michigan Avenue. The 600,000-square-foot vertical mall shopping center featuring a 170,000-square-foot Marshall Field & Company store will occupy a portion of the first seven floors of the 12-story base structure, which will also include offices and mechanical and service facilities. A 62-story tower rising above the base structure will contain a hotel and some 260 apartments (see model right). Parking for 600 vehicles will be located on four underground levels. Construction (pictured below) of Water Tower Place is a joint venture of Mafco, Inc., a subsidiary of Marshall Field & Company, and Urban Investment and Development Co., a subsidiary of Aetna Life and Casualty Company. The shopping and office center is planned for completion first, with the entire project to be finished in 1975.



Marshall Field & Company

Consolidated Statement Of Income

And Retained Earnings

	Fiscal Year Ended	
	January 31, 1973	January 31, 1972
Net Sales	\$492,794,279	\$466,688,654
Deduct:		
Cost of goods sold and expenses, exclusive of items listed below	\$421,102,240	\$401,165,997
Maintenance and repairs	5,042,831	4,502,543
Depreciation	6,587,745	6,183,380
Taxes other than income taxes	14,630,721	13,581,217
Rentals paid	3,390,969	3,279,333
Net interest expense	476,328	924,442
Total costs (note 2)	\$451,230,834	\$429,636,912
Income before Income Taxes	\$ 41,563,445	\$ 37,051,742
Income taxes (including net deferred taxes of \$1,503,000 and \$871,000, respectively)	20,106,000	18,000,000
Net Income	\$ 21,457,445	\$ 19,051,742
Retained Earnings at beginning of year	154,735,918	145,826,443
	\$176,193,363	\$164,878,185
Cash dividends declared on:		
Cumulative preferred stock—		
Series A, \$2.40 per share	\$ 40,305	\$ 46,575
Series B, \$3.00 per share	54,900	61,200
Common stock—\$1.14 and \$1.10 per share, respectively	10,399,382	10,034,492
	\$ 10,494,587	\$ 10,142,267
Retained Earnings at end of year	\$165,698,776	\$154,735,918
Net Income per Common Share	\$ 2.34	\$ 2.08

See notes to financial statements on pages 18 and 19.

Changes In Financial Position

	Fiscal Year Ended	
	January 31, 1973	January 31, 1972
Working Capital Provided:		
Net income.....	\$ 21,457,445	\$ 19,051,742
Add items not requiring the use of working capital—		
Depreciation.....	6,587,745	6,183,380
Increase in long-term deferred income taxes..	1,108,335	221,039
Working capital provided from operations...	\$ 29,153,525	\$ 25,456,161
Sales of land.....	1,241,082	—
Miscellaneous.....	609,464	647,920
	<u>\$ 31,004,071</u>	<u>\$ 26,104,081</u>
Working Capital Used:		
Additions to property and equipment.....	\$ 7,750,748	\$ 13,072,593
Investments in real estate ventures.....	(286,039)	4,066,057
Dividends to stockholders.....	10,494,587	10,142,267
Purchases of Company stock.....	464,462	110,558
Decrease in long-term debt.....	1,700,930	1,772,996
	<u>\$ 20,124,688</u>	<u>\$ 29,164,471</u>
Net Increase (Decrease) in Working Capital.....	<u><u>\$ 10,879,383</u></u>	<u><u>\$ (3,060,390)</u></u>
Increases (Decreases) in Working Capital:		
Cash and short-term investments.....	\$ 12,450,675	\$ (1,702,914)
Receivables.....	(588,488)	(3,435,130)
Merchandise inventories.....	4,348,076	4,018,323
Prepaid expenses.....	188,527	598,327
Accounts payable.....	(4,337,002)	(715,780)
Accrued income taxes.....	(2,779,875)	(320,987)
Other accrued liabilities.....	1,275,404	(474,798)
Current maturities of long-term debt.....	322,066	(1,027,431)
Net Increase (Decrease) in Working Capital...	<u><u>\$ 10,879,383</u></u>	<u><u>\$ (3,060,390)</u></u>

See notes to financial statements on pages 18 and 19.

Marshall Field & Company

Consolidated Balance Sheet

ASSETS

	January 31, 1973	January 31, 1972
Current Assets:		
Cash.....	\$ 7,866,400	\$ 7,854,710
Short-term investments, at cost.....	12,438,985	—
Receivables from customers and others, less allowance for doubtful accounts of \$1,445,000 and \$1,595,577, respectively.....	77,835,002	78,423,490
Merchandise inventories (note 1).....	82,098,639	77,750,563
Prepaid insurance, supply inventories, etc.....	3,749,450	3,560,923
Total Current Assets.....	<u>\$183,988,476</u>	<u>\$167,589,686</u>
 Investments in Real Estate Ventures (note 3).....	 <u>\$ 11,125,427</u>	 <u>\$ 11,411,466</u>
 Property and Equipment (at cost):		
Land.....	\$ 21,861,954	\$ 23,103,036
Buildings.....	115,405,430	111,368,139
Equipment.....	44,117,090	44,148,937
	<u>\$181,384,474</u>	<u>\$178,620,112</u>
Less accumulated depreciation.....	70,042,773	66,590,868
Net Property and Equipment.....	<u>\$111,341,701</u>	<u>\$112,029,244</u>
	 <u><u>\$306,455,604</u></u>	 <u><u>\$291,030,396</u></u>

See notes to financial statements on pages 18 and 19.

LIABILITIES

	January 31, 1973	January 31, 1972
Current Liabilities:		
Accounts payable.....	\$ 22,518,850	\$ 18,181,848
Accrued income taxes—		
Current.....	8,251,226	5,866,368
Deferred (net), including deferral for income on uncollected installment sales.....	7,365,127	6,970,110
Other accrued liabilities.....	32,372,353	33,647,757
Current maturities of long-term debt.....	1,450,930	1,772,996
Total Current Liabilities.....	<u>\$ 71,958,486</u>	<u>\$ 66,439,079</u>
Long-Term Debt, less current maturities:		
3¾% notes, payable \$800,000 annually in 1974- 1981 and \$15,000,000 in 1982.....	\$ 21,400,000	\$ 22,200,000
4%-8% installment notes and bonds, payable 1974-1995.....	5,036,633	5,937,563
Total Long-Term Debt.....	<u>\$ 26,436,633</u>	<u>\$ 28,137,563</u>
Deferred Income Taxes, arising from accelerated depreciation.....	<u>\$ 3,316,864</u>	<u>\$ 2,208,529</u>
Stockholders' Equity:		
Preferred Stock—		
Authorized 1,000,000 shares of \$1 par value, issuable in series; issued at par value:		
Series A, \$2.40 cumulative; redemption and liquidation value \$831,428; 17,719 and 19,719 shares, respectively.....	\$ 17,719	\$ 19,719
Series B, \$3.00 cumulative; redemption and liquidation value \$717,600; 19,800 and 20,400 shares, respectively.....	19,800	20,400
Common Stock—		
Authorized 20,000,000 shares of \$1 par value; 9,154,971 shares issued at par value.....	9,154,971	9,154,971
Additional Paid-in Capital (note 5).....	31,026,289	31,138,537
Retained Earnings (note 6).....	165,698,776	154,735,918
	<u>\$205,917,555</u>	<u>\$195,069,545</u>
Less treasury stock, at cost (note 7).....	1,173,934	824,320
Total Stockholders' Equity.....	<u>\$204,743,621</u>	<u>\$194,245,225</u>
	<u><u>\$306,455,604</u></u>	<u><u>\$291,030,396</u></u>

Notes To Financial Statements

(1) Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries, after elimination of intercompany accounts and transactions. Investments in real estate ventures are carried at cost plus the equity of the Company's subsidiary in the ventures' net income or losses.

b. Inventory Pricing

Merchandise inventories are stated at the lower of cost or market as determined by the retail method applied on a first-in, first-out basis, except for 17% at January 31, 1973 and 1972 which are stated at last-in, first-out cost, not in excess of market.

c. Depreciation

Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives for book purposes. Accelerated depreciation is used for income tax purposes.

d. Investment Tax Credit

Investment tax credit of \$165,000 for 1972 has been deferred and is being amortized as a reduction of income tax provisions over the depreciable lives of the related equipment. Such amortization was \$176,000 in 1972.

e. Deferred Income Taxes

The Company provides currently for income taxes applicable to all items included in the income statement regardless of when such taxes are payable. Deferred income taxes on the balance sheet arise primarily from deferred income on uncollected installment sales and accelerated depreciation.

f. Retirement Plans

The retirement plans cover, subject to certain length-of-service requirements, substantially all full-time employees. It is the Company's present policy to charge income annually with the cost of pensions earned by employees during the year. For the plan covering most employees, this charge is increased by interest on unfunded pension liability or decreased by amortization over a 20-year period of the excess of trust fund assets over pension liability, whichever is applicable. Retirement plan expense for 1972 was \$2,250,000. The present policy is to fund currently each year's total expense.

g. Store Pre-Opening Expenses

Store pre-opening expenses are charged to income in the year the expenses are incurred.

(2) Total costs as reported to the Securities and Exchange Commission are classified as follows:

	Fiscal Year	
	1972	1971
Cost of goods sold, buying and occupancy expenses	\$345,456,865	\$329,272,392
Selling, general and administrative expenses	105,297,641	99,440,078
Net interest expense	476,328	924,442
	<u>\$451,230,834</u>	<u>\$429,636,912</u>

(3) The Company's wholly-owned subsidiary Mafco, Inc. has entered into a joint venture to construct an urban center on North Michigan Avenue in Chicago. The project will include a specialty store to be leased to the Company, other retail facilities, offices, apartments, and a hotel. Mafco's investment in the venture is expected to approximate \$8,000,000. At January 31, 1973 Mafco had guaranteed jointly and severally with its co-venturer \$10,000,000 of a bank loan of \$10,800,000 which also was secured by a pledge of the land for the site.

Mafco is a participant in two other joint ventures to develop north of Chicago a large regional shopping center including a department store to be owned by the Company, and a new town including residential neighborhoods and supporting community facilities. Mafco's investment in the ventures is expected to approximate \$4,000,000. Long-term mortgage financing of \$22,600,000 for which Mafco will have no direct liability has been arranged for the shopping center venture. At January 31, 1973 Mafco had guaranteed jointly and severally with its co-venturer an interim bank line of credit of \$22,600,000 for construction of the shopping center. At that date \$7,656,000 had been borrowed on the line of credit. At January 31, 1973 Mafco had guaranteed or co-signed jointly and severally with its co-venturers short-term bank loans in the aggregate amount of \$1,660,000 under a \$3,500,000 line of credit for initial development of the new town.

- (4) At January 31, 1973 the Company and its subsidiaries were obligated under 24 real estate and equipment leases expiring more than three years from that date. Minimum annual rentals for 1973 under these leases will be \$2,300,000.
- (5) Charges to additional paid-in capital in 1972 and 1971 totalled \$112,248 and \$76,899, respectively, arising from the excess of cost over par value of Series A and B preferred stock purchased and retired.
- (6) At January 31, 1973 \$125,040,862 of retained earnings was available for dividends on common stock under the terms of the Company's long-term debt.
- (7) Treasury stock at cost was as follows:

	January 31	
	1973	1972
1,730 and 832 Series A preferred shares, respectively.....	\$ 69,285	\$ 31,671
6,000 Series B preferred shares.....	312,000	—
32,706 common shares in both years.....	792,649	792,649
	<u>\$1,173,934</u>	<u>\$824,320</u>

- (8) Lawsuits pending against Halle (and other retailers), which purport to be class actions, attack the legality of certain credit and billing practices. The ultimate consequences of these actions to the Company are not presently determinable, but the management does not anticipate that recoveries from Halle thereunder, if any, will have a material adverse effect on the business or the financial position of the Company and its consolidated subsidiaries.

Auditors' Report

To the Stockholders of Marshall Field & Company:

We have examined the consolidated balance sheet of Marshall Field & Company (a Delaware corporation) and subsidiaries as of January 31, 1973 and the related statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the consolidated financial statements for the preceding year.

In our opinion, the accompanying consolidated balance sheet and statements of income and retained earnings and changes in financial position present fairly the financial position of Marshall Field & Company and subsidiaries as of January 31, 1973 and the results of their operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois
March 2, 1973

ARTHUR ANDERSEN & CO.

Marshall Field & Company

Ten Year Summary

(in thousands of dollars)

	Fiscal Year	1972	1971	1970
Operating Results				
Net Sales.....		\$492,794	\$466,689	\$401,883
Income before Income Taxes.....		41,563	37,052	32,168
Per cent of Sales.....		8.4	7.9	8.0
Income Taxes.....		20,106	18,000	16,089
Net Income.....		21,457	19,052	16,079
Per cent of Sales.....		4.4	4.1	4.0
Per Common Share (3).....		2.34	2.08	1.82
Dividends Declared—				
Preferred Stock.....		95	108	28
Common Stock.....		10,399	10,034	9,718
Per Common Share (3).....		1.14(4)	1.10	1.10
Net Income Retained.....		10,963	8,909	6,333
Capital Expenditures—				
Modernization and Replacement.....		3,910	2,949	3,587
Expansion.....		3,841	10,124	6,208
Total.....		7,751	13,073	9,795
Depreciation.....		6,588	6,183	6,070
Financial Position				
Accounts Receivable.....		\$ 77,835	\$ 78,423	\$ 81,859
Merchandise Inventories.....		82,099	77,751	73,732
Working Capital.....		112,030	101,151	104,211
Net Property and Equipment.....		111,342	112,029	105,788
Long-Term Debt.....		26,437	28,138	29,911
Common Stockholders' Equity.....		203,195	192,202	183,257
Per Common Share (3).....		22.27	21.07	20.09

Notes:

- (1) Operating results include The Halle Brothers Company beginning with December 1970 under purchase accounting. Financial position at the end of 1970 and subsequent years reflects the Halle merger.
- (2) 1968 and prior years have been restated to include The Crescent under pooling of interests accounting.
- (3) Adjusted to reflect two-for-one stock split effective May 14, 1969.
- (4) Annual dividend rate was \$1.18 at the end of the fiscal year 1972, as the result of an increase in the quarterly rate from 27½ cents to 29½ cents in October 1972.
- (5) At the end of 1964 accounts receivable were decreased approximately \$12,500,000 as the result of the sale of all installment receivables pursuant to adoption in 1965 of the installment method of tax accounting.
- (6) Excludes extraordinary item of net gain on land sale of \$2,250,000 equivalent to 26 cents per common share.

<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
\$402,507	\$386,287	\$371,025	\$349,217	\$329,100	\$301,939	\$277,282
37,005	35,255	33,329	31,682	30,083	26,035	20,227
9.2	9.1	9.0	9.1	9.1	8.6	7.3
19,448	18,007	15,653	14,971	14,273	12,742	10,273
17,557	17,248	17,676	16,710	15,810	13,292	9,953(6)
4.4	4.5	4.8	4.8	4.8	4.4	3.6
2.01	1.97	2.01	1.91	1.81	1.53	1.15(6)
—	—	—	—	—	—	—
9,533	8,484	8,441	8,434	7,771	6,924	6,292
1.10	1.00	1.00	1.00	.92½	.82½	.75
8,024	8,763	9,235	8,276	8,038	6,368	3,662(6)
3,116	3,658	3,647	2,920	3,214	3,289	2,206
2,828	7,059	5,730	7,253	6,273	1,759	4,377
5,944	10,717	9,377	10,173	9,487	5,048	6,583
5,923	5,833	5,639	5,278	5,303	5,127	4,915
\$ 63,963	\$ 60,699	\$ 56,867	\$ 52,816	\$ 48,943	\$ 31,508(5)	\$ 39,595
65,632	61,218	59,699	55,843	50,322	46,385	41,493
101,826	94,307	90,490	84,494	80,982	77,852	72,046
92,119	92,119	87,806	84,394	79,645	75,462	75,770
23,500	23,600	23,700	23,800	23,900	25,000	26,100
170,445	162,826	154,596	145,088	136,728	128,314	121,716
19.51	18.61	17.59	16.54	15.60	14.70	13.98

Board Of Directors

HARRY O. BERCHER
EDWARD McC. BLAIR
JOHN M. BUDD
JOSEPH A. BURNHAM

ALBERT B. DICK III
HUGHSTON M. McBAIN
JOHN McKINLAY
HOWARD M. PACKARD

JAMES L. PALMER
GEORGE G. RINDER
JOHN M. SIMPSON
GERALD A. SIVAGE

Corporate Officers

GERALD A. SIVAGE President
JOSEPH A. BURNHAM Executive Vice President—
Operations
GEORGE G. RINDER Executive Vice President—
Finance
RALPH E. BOWERS Vice President and Secretary

CHARLES DUNLOP
DONALD K. KEITH
STEPHEN V. HILL
HOWARD S. ALLEN
ROBERT A. WILBRANDT
CATHRYN H. NOLAN

Vice President and Comptroller
Vice President—Development
Treasurer
Assistant Comptroller—Taxes
Assistant Secretary and Senior
Attorney
Assistant Secretary

Officers Of Corporate And Subsidiary Divisions

CHICAGO STORES DIVISION

ARTHUR E. OSBORNE, JR. Vice President
and General Manager
JOHN W. BASCHEN Vice President, Assistant General
Manager and General Merchandise
Manager
LOREN A. DuBOIS Vice President and General
Operating Manager
EINAR L. BJORKLUND Vice President, Merchandising
ARTHUR D. BRADBURY Vice President, Merchandising
LEONARD R. CAPULLI Vice President, Merchandising
LELAND C. CARSTENS Vice President and Import Manager
GEORGE L. CERNY Vice President, Merchandising
PHILIP G. DIBBLE Vice President, Merchandising
EDMUND J. DOERING Vice President, Merchandising
CARL D. GULDAGER Vice President, Advertising
and Public Relations
ROBERT R. HOFFMAN Vice President, Merchandising
ROBERT S. HOUSTON Vice President, Merchandising
ASHTON OSBORNE Vice President, Merchandising
W. THOMAS POYER Vice President, Merchandising
ROBERT M. RASMUSSEN Vice President, Merchandising
HARRY A. ROOT Vice President, Suburban Stores
HOMER SHARP Vice President, Design
CONNOR B. SHAW Vice President, Merchandising
REED F. TAYLOR Vice President, Merchandising
MICHAEL J. USAS Vice President, Personnel
RUDOLPH A. WANGERIN Vice President and Divisional
Comptroller
LESLIE L. WATERS Vice President, New York Office

FREDERICK & NELSON DIVISION

ROBERT L. PATERSON Vice President
and General Manager
RICHARD A. DOSS Vice President and General
Merchandise Manager
E. LAMONT McDONALD Vice President and
General Operating Manager
LAWRENCE D. MOORE Vice President and Divisional
Comptroller

HALLE'S

PAUL H. STROHM Senior Vice President and
General Manager
ROBERT B. CARLSON Vice President and General
Merchandise Manager
PAUL BRISK Vice President and General
Operating Manager
JOHN A. KROYER Vice President and Comptroller
ROBERT S. SCHUG Vice President, Personnel

THE CRESCENT

H. WILLIAM BACON Vice President
and General Manager
JAMES G. ARGITES Vice President and
General Operating Manager
CARL R. JONES Vice President and General
Merchandise Manager

Development Division

CHARLES M. RHODES Vice President, Real Estate

Information Systems Division

H. DARRYL HOFFMAN Vice President, Information
Systems



Transfer Agents

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
Chicago

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
New York

Registrars

THE FIRST NATIONAL BANK OF CHICAGO
Chicago

BANKERS TRUST COMPANY
New York

Store Directory

MARSHALL FIELD & COMPANY CHICAGO STORES DIVISION

Downtown Chicago Store
111 North State Street
Chicago, Illinois

Evanston
1700 Sherman Avenue
Evanston, Illinois

Lake Forest
682 North Bank Lane
Lake Forest, Illinois

Mayfair
One Mayfair Mall North
Wauwatosa, Wisconsin

Oakbrook
One Oakbrook Center Mall
Oak Brook, Illinois

Oak Park
1144 Lake Street
Oak Park, Illinois

Old Orchard
One Old Orchard
Skokie, Illinois

Park Forest
333 Plaza
Park Forest, Illinois

River Oaks
One River Oaks
Calumet City, Illinois

Woodfield
One Woodfield
Schaumburg, Illinois

Hawthorn Center
(Opening Fall, 1973)
Vernon Hills, Illinois

CherryVale
(Opening Fall, 1973)
Rockford, Illinois

Fox Valley Center
(Under construction)
Aurora, Illinois

Water Tower Place
(Under construction)
Chicago, Illinois

FREDERICK & NELSON DIVISION

Downtown Seattle Store
5th and Pine Streets
Seattle, Washington

Aurora Village
20218
Aurora Village Square North
Seattle, Washington

Bellevue Square
201 Bellevue Square
Bellevue, Washington

Southcenter
400 Southcenter Shopping Center
Tukwila, Washington

COMMERCIAL FURNISHINGS

Contract Sales Divisions
Chicago—201 Merchandise Mart
Cleveland—1228 Euclid Avenue
Seattle—509 Olive Way
Spokane—S. 152 Lincoln

BUYING FACILITIES

New York City
London, England
Paris, France
Frankfurt/Main, Germany
Zurich, Switzerland
Athens, Greece
Florence, Italy
Barcelona, Spain
Lisbon, Portugal
Tel Aviv, Israel
Tokyo, Japan
Hong Kong
New Delhi, India
Seoul, Korea
Taipei, Taiwan

HALLE'S

Downtown Cleveland Store
1228 Euclid Avenue
Cleveland, Ohio

Belden Village
4151 Belden Village Mall
Canton, Ohio

Erie Downtown Store
116-124 West Tenth Street
Erie, Pennsylvania

Erie Plaza
1022 West Erie Plaza Boulevard
Erie, Pennsylvania

Severance
3458 Mayfield Road
Cleveland Heights, Ohio

Shaker Square
13000 Shaker Boulevard
Cleveland, Ohio

Southland
6875 Southland Drive
Middleburg Heights, Ohio

Summit Mall
3265 West Market Street
Fairlawn Village, Ohio

Westgate
3011 Westgate Shopping Center
Fairview Park, Ohio

THE CRESCENT

Downtown Spokane Store
W. 710 Riverside Avenue
Spokane, Washington

Northtown
324 Northtown Shopping Center
Spokane, Washington

University City
100 University City
Spokane, Washington